

# FORM X-17A-5

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

# FOCUS REPORT

(Financial and Operational Combined Uniform Single Report)

## PART I

| OMB APPROVAL  |                  |
|---|------------------|
| OMB Number:   | 3235-0123        |
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*(Please read instructions before preparing Form.)*

Name of Broker/Dealer

As of (Month/Day/Year)

Address of Principal Place of Business

(No. and Street)

(City)

(State)

(Zip Code)

## INSTRUCTIONS

### Schedule A – Routine Report

- Subordinated Loan Agreements** — (As Defined in Appendix D, Rule 15c3-1) — Enter the total amount of cash obtained pursuant to subordinated loan agreements in effect at the report date. This item corresponds to the same item number in Parts II and IIA.
- Secured Demand Notes** — (As Defined in Appendix D, Rule 15c3-1) — Enter the total face amount of all secured demand notes in effect at report date. This item corresponds to the same item number in Parts II and IIA.
- Total Subordinations Allowable for Net Capital** — (Total of lines 1 and 2) — This item corresponds to the same item number in Parts II and IIA.
- Ownership Equity/Partnership Capital — Start of Month** — Enter here the same total amount from the prior month end (corrections of prior month should be included on line 7) as reported on Part I or II. Lines 5 through 7 reflect all changes of ownership equity qualified for inclusion in net capital from the last previously filed FOCUS Report.
- Unconsolidated Income/Expense for the Month**
  - Enter the net of realized and unrealized gains (or losses) in all trading, investment and other proprietary accounts for the current reporting month. Losses should be recorded in brackets. This item corresponds to the sum of items 3950 and 3952 in Parts II and IIA.
  - Report unconsolidated gross income for the current reporting month excluding realized or unrealized gains (or losses) reported under item 5(a) above.
  - Enter the total unconsolidated expenses for the current reporting month. Provision for federal income taxes should not be included in this amount.
  - Federal income taxes to be reported by corporations only.
- Net Profit (or Loss) for the Month** — Net of lines 5(a) through 5(d).
- Other (Exclude Non-Conforming Capital)**
  - Additions to Capital** — includes all additions to capital even though subsequently withdrawn before the end of the period. Capital additions which are not qualified for Net Capital should be excluded. Also include sale of capital stock or partners' contributions and income adjustments applicable to prior periods, or nonrecurring items not included in 5(a), (b) or (d).
  - (Deductions) from Capital (Exclude Non-Conforming Capital)** — include contributions made and withdrawn during the period, partners' capital withdrawals, retirement or repurchase of capital stock, dividends and income adjustments applicable to prior periods, or other nonrecurring items (adjusted for any related income tax provision) not included in lines 5(c) or (d).
- Ownership Equity/Partnership Capital — End of Month** — This item corresponds to the same item number in Parts II and IIA. Include here the total of lines 4, 6 and 7(a) less 7(b).
- Other (Deductions) or Allowable Credits** — This item allows for adjustments, both (deductions) and additions (such as deferred tax credits) not otherwise provided for in lines 4 to 8. These adjustments will generally arise as a result of the provisions of subparagraph (c)(2)(i) of Rule 15c3-1. Sole proprietors who are registered broker-dealers shall record on line 9 any deductions required by subparagraph (c)(2)(iii) of Rule 15c3-1.
- Total Capital and Allowable Subordinations** — Total (add lines 3, 8 and 9) represents the capital and subordinated liabilities which are qualified for net capital under Rule 15c3-1. This item corresponds to the same item number in Parts II and IIA.
- Added Charges — Customer and Non-Customer Securities and Commodity Accounts**
  - Securities Accounts** — The rule requires a deduction for deficiencies in customers' or non-customers' accounts in meeting the maintenance margin requirements set forth in Article III, Section 30, Appendix A of the Association's Rules of Fair Practice. This item corresponds to the same item number in Part II and represents charges other than amounts deducted as non-allowable assets.
  - Commodity Accounts** — This item covers charges under Appendix B to Rule 15c3-1, other than amounts deducted as non-allowable assets. It corresponds to the same item number in Part II.
- Operational Deductions from Net Capital** — Enter total of lines 1-7 of Operational Deductions from Net Capital (Schedule B, Line 8).
- Non-Allowable Assets** (Not included in lines 11 and 12) — This total amount should also exclude the value of securities borrowed under subordination agreements not in satisfactory form and the market value of memberships in exchanges contributed for use of a company and partners' securities which are included in non-allowable assets and excluded from line 10 as nonconforming capital. Also, exclude any non-allowable amounts included on line 12 as deductions.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

| Schedule<br>A |   | NAME OF BROKER-DEALER                                   |     |     |     |     |     |
|---------------|---|---|-----|-----|-----|-----|-----|
|               |   | NAME AND TELEPHONE NO. OF PERSON COMPLETING THIS REPORT |     |     |     |     |     |
| ID NO.        | SEC FILE NO.  | FOR MONTH ENDS 20__<br>(IN THOUSANDS — \$000's OMITTED) |     |     |     |     |     |
| ITEM          |   | JAN   | FEB | MAR | APR | MAY | JUN |
| 1710          | 1. Subordinated Loan Agreements — Cash  |   |     |     |     |     |     |
| 1730          | 2. Secured Demand Notes — Face Amount   |   |     |     |     |     |     |
| 3520          | 3. Total Subordinations Allowable for Net Capital   |   |     |     |     |     |     |
| 3501          | 4. Ownership Equity/Partnership Capital — Start of Month  |   |     |     |     |     |     |
|               | 5. Unconsolidated Income/Expense for the Month:   |   |     |     |     |     |     |
| 3950          | a. Trading and Investment Account Profit or (Loss)  |   |     |     |     |     |     |
| 4212          | b. Other Gross Income (Loss)  |   |     |     |     |     |     |
| 4201          | c. Expenses   |   |     |     |     |     |     |
| 4221          | d. Federal Income Taxes   |   |     |     |     |     |     |
| 4250          | 6. Net Profit or (Loss) for the Month   |   |     |     |     |     |     |
|               | 7. Other (Exclude Non-conforming Capital)   |   |     |     |     |     |     |
| 4264          | a. Additions to Capital   |   |     |     |     |     |     |
| 4274          | b. (Deductions) from Capital  |   |     |     |     |     |     |
| 3500          | 8. Ownership Equity/Partnership Capital — End of Month  |   |     |     |     |     |     |
| 3525          | 9. Other (Deductions) or Allowable Credits  |   |     |     |     |     |     |
| 3530          | 10. Total Capital and Allowable Subordinations  |   |     |     |     |     |     |
|               | 11. Added Charges — Customer and Non-Customer   |   |     |     |     |     |     |
| 3550          | a. Securities Accounts  |   |     |     |     |     |     |
| 3560          | b. Commodity Accounts   |   |     |     |     |     |     |
| 3575          | 12. Operational Deductions from Net Capital (Sch. B, Line 8)  |   |     |     |     |     |     |
| 3540          | 13. Non-Allowable Assets (Not Includable Above)   |   |     |     |     |     |     |
| 3600          | 14. Proprietary Charges on Commodities  |   |     |     |     |     |     |
| 3612          | 15. Other Charges and/or Deductions   |   |     |     |     |     |     |
| 3620          | 16. Total Deductions and/or Charges (Lines 11 through 15)   |   |     |     |     |     |     |
| 3640          | 17. Net Capital Before Haircuts on Securities Positions   |   |     |     |     |     |     |
| 3740          | 18. Haircuts on Proprietary Security Positions  |   |     |     |     |     |     |
| 3750          | 19. Net Capital   |   |     |     |     |     |     |
| 4880          | 20. Scheduled Capital Withdrawals Within 6 Months   |   |     |     |     |     |     |
| 4881          | 21. Net Capital After Withdrawals   |   |     |     |     |     |     |
| 1011          | 22. Total Equity Subordinations   |   |     |     |     |     |     |
|               | 23. Aggregate Indebtedness/Aggregate Debit Items  |   |     |     |     |     |     |
| 3840          | a. Aggregate Indebtedness under Rule 15c3-1   |   |     |     |     |     |     |
| 4470          | b. Aggregate Debits Under Rule 15c3-3 as Adjusted   |   |     |     |     |     |     |
| 3760          | 24. Minimum Capital Requirement   |   |     |     |     |     |     |
|               | 25. Ratios/Excess Net Capital   |   |     |     |     |     |     |
| 3850          | a. Aggregate Indebtedness to Net Capital  |   |     |     |     |     |     |
| 3851          | b. Net Capital to Aggregate Debit Items   |   |     |     |     |     |     |
| 3770          | c. Net Capital in Excess of Greater of 6 <sup>2</sup> / <sub>3</sub> % of Aggregate Indebtedness or Minimum Requirement |   |     |     |     |     |     |
| 3910          | d. Net Capital in Excess of Greater of 2% of Aggregate Debit Items or Minimum Requirement                               |   |     |     |     |     |     |
| 3852          | e. Option Deductions/Net Capital Ratio  |   |     |     |     |     |     |
| 4430          | 26. Total Credits — Rule 15c3-3 Reserve Formula   |   |     |     |     |     |     |
| 4472          | 27. Total Debits — Rule 15c3-3 Reserve Formula-Net  |   |     |     |     |     |     |
| 4530          | 28. Amount in Reserve Bank Account  |   |     |     |     |     |     |
|               | 29. Commodity Exchange Act — Segregation Requirement  |   |     |     |     |     |     |
| 7060          | a. Amount Required to be Segregated   |   |     |     |     |     |     |
| 7180          | b. Amount Segregated  |   |     |     |     |     |     |
|               | 30. Firm Proprietary Positions  |   |     |     |     |     |     |
| 850           | a. Long — All Securities  |   |     |     |     |     |     |
| 1620          | b. Short — All Securities   |   |     |     |     |     |     |
| 841           | c. Long — Contractual Commitments — GNMA's, etc.  |   |     |     |     |     |     |
| 1621          | d. Short — Contractual Commitments — GNMA's, etc.   |   |     |     |     |     |     |
| 3551          | 31. Customer and Non-Customer Charges — GNMA's, etc.  |   |     |     |     |     |     |

| Schedule<br>A |     | NAME OF BROKER-DEALER                                     |     |     |     | NAME AND TELEPHONE NO. OF PERSON COMPLETING THIS REPORT   |  |        |              |
|---------------|-----|---|-----|-----|-----|---|--|--------|--------------|
|               |     | FOR MONTH ENDS 20____<br>(IN THOUSANDS — \$000's OMITTED) |     |     |     |   |  | ID NO. | SEC FILE NO. |
| JUL           | AUG | SEP   | OCT | NOV | DEC | ITEM  |  |        |              |
|               |     |   |     |     |     | 1. Subordinated Loan Agreements — Cash  |  |        | 1710         |
|               |     |   |     |     |     | 2. Secured Demand Notes — Face Amount   |  |        | 1730         |
|               |     |   |     |     |     | 3. Total Subordinations Allowable for Net Capital   |  |        | 3520         |
|               |     |   |     |     |     | 4. Ownership Equity/Partnership Capital — Start of Month  |  |        | 3501         |
|               |     |   |     |     |     | 5. Unconsolidated Income/Expense for the Month:   |  |        |              |
|               |     |   |     |     |     | a. Trading and Investment Account Profit or (Loss)  |  |        | 3950         |
|               |     |   |     |     |     | b. Other Gross Income (Loss)  |  |        | 4212         |
|               |     |   |     |     |     | c. Expenses   |  |        | 4201         |
|               |     |   |     |     |     | d. Federal Income Taxes   |  |        | 4221         |
|               |     |   |     |     |     | 6. Net Profit or (Loss) for the Month   |  |        | 4250         |
|               |     |   |     |     |     | 7. Other (Exclude Nonconforming Capital)  |  |        |              |
|               |     |   |     |     |     | a. Additions to Capital   |  |        | 4264         |
|               |     |   |     |     |     | b. (Deductions) from Capital  |  |        | 4274         |
|               |     |   |     |     |     | 8. Ownership Equity/Partnership Capital — End of Month  |  |        | 3500         |
|               |     |   |     |     |     | 9. Other (Deductions) or Allowable Credits  |  |        | 3525         |
|               |     |   |     |     |     | 10. Total Capital and Allowable Subordinations  |  |        | 3530         |
|               |     |   |     |     |     | 11. Added Charges — Customer and Non-Customer   |  |        |              |
|               |     |   |     |     |     | a. Securities Accounts  |  |        | 3550         |
|               |     |   |     |     |     | b. Commodity Accounts   |  |        | 3560         |
|               |     |   |     |     |     | 12. Operational Deductions from Net Capital (Sch. B, Line 8)  |  |        | 3575         |
|               |     |   |     |     |     | 13. Non-Allowable Assets (Not Includable Above)   |  |        | 3540         |
|               |     |   |     |     |     | 14. Proprietary Charges on Commodities  |  |        | 3600         |
|               |     |   |     |     |     | 15. Other Charges and/or Deductions   |  |        | 3612         |
|               |     |   |     |     |     | 16. Total Deductions and/or Charges (Lines 11 through 15)   |  |        | 3620         |
|               |     |   |     |     |     | 17. Net Capital Before Haircuts on Securities Positions   |  |        | 3640         |
|               |     |   |     |     |     | 18. Haircuts on Proprietary Security Positions  |  |        | 3740         |
|               |     |   |     |     |     | 19. Net Capital   |  |        | 3750         |
|               |     |   |     |     |     | 20. Scheduled Capital Withdrawals Within 6 Months   |  |        | 4880         |
|               |     |   |     |     |     | 21. Net Capital After Withdrawals   |  |        | 4881         |
|               |     |   |     |     |     | 22. Total Equity Subordinations   |  |        | 1011         |
|               |     |   |     |     |     | 23. Aggregate Indebtedness/Aggregate Debit Items  |  |        |              |
|               |     |   |     |     |     | a. Aggregate Indebtedness under Rule 15c3-1   |  |        | 3840         |
|               |     |   |     |     |     | b. Aggregate Debits Under Rule 15c3-3 as Adjusted   |  |        | 4470         |
|               |     |   |     |     |     | 24. Minimum Capital Requirement   |  |        | 3760         |
|               |     |   |     |     |     | 25. Ratios/Excess Net Capital   |  |        |              |
|               |     |   |     |     |     | a. Aggregate Indebtedness to Net Capital  |  |        | 3850         |
|               |     |   |     |     |     | b. Net Capital to Aggregate Debit Items   |  |        | 3851         |
|               |     |   |     |     |     | c. Net Capital in Excess of Greater of 6 <sup>2</sup> / <sub>3</sub> % of Aggregate Indebtedness or Minimum Requirement |  |        | 3770         |
|               |     |   |     |     |     | d. Net Capital in Excess of Greater of 2% of Aggregate Debit Items or Minimum Requirement                               |  |        | 3910         |
|               |     |   |     |     |     | e. Option Deductions/Net Capital Ratio  |  |        | 3852         |
|               |     |   |     |     |     | 26. Total Credits — Rule 15c3-3 Reserve Formula   |  |        | 4430         |
|               |     |   |     |     |     | 27. Total Debits — Rule 15c3-3 Reserve Formula-Net  |  |        | 4472         |
|               |     |   |     |     |     | 28. Amount in Reserve Bank Account  |  |        | 4530         |
|               |     |   |     |     |     | 29. Commodity Exchange Act — Segregation Requirement  |  |        |              |
|               |     |   |     |     |     | a. Amount Required to be Segregated   |  |        | 7060         |
|               |     |   |     |     |     | b. Amount Segregated  |  |        | 7180         |
|               |     |   |     |     |     | 30. Firm Proprietary Positions  |  |        |              |
|               |     |   |     |     |     | a. Long — All Securities  |  |        | 850          |
|               |     |   |     |     |     | b. Short — All Securities   |  |        | 1620         |
|               |     |   |     |     |     | c. Long — Contractual Commitments — GNMA's, etc.  |  |        | 841          |
|               |     |   |     |     |     | d. Short — Contractual Commitments — GNMA's, etc.   |  |        | 1621         |
|               |     |   |     |     |     | 31. Customer and Non-Customer Charges — GNMA's, etc.  |  |        | 3551         |

|                       |  |     |   |     |     |     |     |
|-----------------------|--|-----|---|-----|-----|-----|-----|
| <b>Schedule<br/>A</b> | NAME OF BROKER-DEALER                                      |     |   |     |     |     |     |
|                       | NAME AND TELEPHONE NO. OF PERSON COMPLETING THIS REPORT    |     |   |     |     |     |     |
| ID NO.                | SEC FILE NO.   |     | <b>FOR MONTH ENDS 20__</b><br><b>(IN THOUSANDS — \$000's OMITTED)</b> |     |     |     |     |
|                       | <b>98</b>  |     |   |     |     |     |     |
|                       | ITEM   | JAN | FEB   | MAR | APR | MAY | JUN |
|                       | <b>32. Security Concentration /Commodity Concentration</b> |     |   |     |     |     |     |
| <b>5371</b>           | a. Security Concentration — Firm                           |     |   |     |     |     |     |
| <b>5372</b>           | b. Security Concentration — Customer                       |     |   |     |     |     |     |
| <b>5375</b>           | c. Commodity Concentration — Firm                          |     |   |     |     |     |     |
| <b>5376</b>           | d. Commodity Concentration — Customers/Others              |     |   |     |     |     |     |
| <b>4980</b>           | <b>33. Total Tickets</b>                                   |     |   |     |     |     |     |
| <b>5362</b>           | <b>34. Aged Fails:</b> a. To Deliver                       |     |   |     |     |     |     |
| <b>5365</b>           | b. To Receive  |     |   |     |     |     |     |
| <b>770</b>            | <b>35. Total Fails:</b> a. To Deliver                      |     |   |     |     |     |     |
| <b>1505</b>           | b. To Receive  |     |   |     |     |     |     |
| <b>114</b>            | <b>36. Equity Markets:</b> a. NASDAQ                       |     |   |     |     |     |     |
| <b>116</b>            | b. Other   |     |   |     |     |     |     |
|                       | <b>37. Clearing Agency Balances</b>                        |     |   |     |     |     |     |
| <b>810</b>            | a. Due from Clearing                                       |     |   |     |     |     |     |
| <b>1560</b>           | b. Due to Clearing   |     |   |     |     |     |     |
| <b>750</b>            | <b>38. Unrestricted Cash</b>                               |     |   |     |     |     |     |
|                       | <b>39. Customers' Accounts</b>                             |     |   |     |     |     |     |
| <b>310</b>            | a. Secured Debits  |     |   |     |     |     |     |
| <b>1580</b>           | b. Total Credits   |     |   |     |     |     |     |
| <b>103</b>            | <b>40. Securities Borrowed</b>                             |     |   |     |     |     |     |
|                       |  |     |   |     |     |     |     |
|                       |  |     |   |     |     |     |     |
|                       |  |     |   |     |     |     |     |

|   |     |   |     |     |     |  |              |
|---|-----|---|-----|-----|-----|--|--------------|
| <b>Schedule<br/>A</b>   |     | NAME OF BROKER-DEALER                                   |     |     |     |  |              |
|   |     | NAME AND TELEPHONE NO. OF PERSON COMPLETING THIS REPORT |     |     |     |  |              |
| <b>FOR MONTH ENDS 20__</b><br><b>(IN THOUSANDS — \$000's OMITTED)</b> |     |   |     |     |     | ID NO.   | SEC FILE NO. |
|   |     |   |     |     |     |  | <b>98</b>    |
| JUL   | AUG | SEP   | OCT | NOV | DEC | ITEM   |              |
|   |     |   |     |     |     | <b>32. Security Concentration /Commodity Concentration</b> |              |
|   |     |   |     |     |     | a. Security Concentration — Firm <b>5371</b>               |              |
|   |     |   |     |     |     | b. Security Concentration — Customer <b>5372</b>           |              |
|   |     |   |     |     |     | c. Commodity Concentration — Firm <b>5375</b>              |              |
|   |     |   |     |     |     | d. Commodity Concentration — Customers/Others <b>5376</b>  |              |
|   |     |   |     |     |     | <b>33. Total Tickets</b> <b>4980</b>                       |              |
|   |     |   |     |     |     | <b>34. Aged Fails:</b> a. To Deliver <b>5362</b>           |              |
|   |     |   |     |     |     | b. To Receive <b>5365</b>                                  |              |
|   |     |   |     |     |     | <b>35. Total Fails:</b> a. To Deliver <b>770</b>           |              |
|   |     |   |     |     |     | b. To Receive <b>1505</b>                                  |              |
|   |     |   |     |     |     | <b>36. Equity Markets:</b> a. NASDAQ <b>114</b>            |              |
|   |     |   |     |     |     | b. Other <b>116</b>  |              |
|   |     |   |     |     |     | <b>37. Clearing Agency Balances</b>                        |              |
|   |     |   |     |     |     | a. Due from Clearing <b>810</b>                            |              |
|   |     |   |     |     |     | b. Due to Clearing <b>1560</b>                             |              |
|   |     |   |     |     |     | <b>38. Unrestricted Cash</b> <b>750</b>                    |              |
|   |     |   |     |     |     | <b>39. Customers' Accounts</b>                             |              |
|   |     |   |     |     |     | a. Secured Debits <b>310</b>                               |              |
|   |     |   |     |     |     | b. Total Credits <b>1580</b>                               |              |
|   |     |   |     |     |     | <b>40. Securities Borrowed</b> <b>103</b>                  |              |
|   |     |   |     |     |     |  |              |
|   |     |   |     |     |     |  |              |
|   |     |   |     |     |     |  |              |

- 14. Proprietary Charges on Commodities** — See Appendix B of Rule 15c3-1 for charges applicable to proprietary commodity positions; include charges on futures, forward contracts and spot commodities.
- 15. Other Charges and/or Deductions** — Include on this line all other charges and deductions to capital specified in the rule not included in lines 11 to 14. These deductions will include, but are not limited to, any secured demand note deficiency, charges related to aged fails-to-deliver or fails-to-receive, deficit in securities loaned, aged security dividends short, losses on contractual commitments, guarantees and insurance claims, etc. Also include deductions carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x).
- 16. Total Deductions and/or Charges** — Add line items 11 through 15.
- 17. Net Capital Before Haircuts on Securities Positions** — Line item 10 less line item 16. This item corresponds to the same item in Parts II and IIA.
- 18. Haircuts on Proprietary Security Positions** — Report the sum of all haircuts including contractual commitments applied in the computation of net capital pursuant to subparagraphs (c)(2)(vi), (c)(2)(viii) and Appendix A of Rule 15c3-1 adjusted where applicable by the provisions of paragraph (f) when the alternative computation is elected. This item corresponds to the same item number in Parts II and IIA.
- 19. Net Capital** — Line item 17 less line item 18. This item corresponds to the same item number in Parts II and IIA.
- 20. Scheduled Capital Withdrawals Within 6 Months** — The amounts included herein shall include, but not be limited to, all obligations to repay, in whole or in part, within the six months subsequent to the reporting date, any Payment Obligation as defined in Appendix D to Rule 15c3-1. Also to be included are those items defined in the instructions to the schedule of capital withdrawals in Parts II or IIA. This item corresponds to the same item number in Parts II and IIA.
- 21. Net Capital After Withdrawals** — Line item 19 less line item 20 — This item corresponds to the same item number in Part II.
- 22. Total Equity Subordinations** — Enter the total amount of approved subordination agreements which are considered equity capital pursuant to paragraph (d) of Rule 15c3-1. This item corresponds to the same item in Parts II and IIA.
- 23. Aggregate Indebtedness/Aggregate Debit Items**
- Report the total amount of all aggregate indebtedness items, i.e., the total money liabilities of the firm exclusive of (i) through (xiii) under subparagraph (c)(1) of Rule 15c3-1; or,
  - If the alternative method is used, report the total of all debit items computed in accordance with the Reserve Formula under Rule 15c3-3 as adjusted.  
NOTE: Do not reduce the aggregate debits by the 3% adjustment specified under Rule 15c3-1(f)(5)(i).
- 24. Minimum Capital Requirement** — Report the greater of the dollar amount of minimum net capital required pursuant to Rule 15c3-1, i.e., \$5,000, \$25,000, \$50,000 or \$100,000; or, the amount of net capital required to support  $6\frac{2}{3}\%$  of aggregate indebtedness or 2% of aggregate debit items if on the alternative.
- 25. Ratios/Excess Net Capital**
- Report the percent of aggregate indebtedness (line 23(a)) to net capital, if applicable. If not, complete 25(b).
  - Report the percent of net capital to the aggregate debit items (line 23(b)) in the Reserve Formula if the alternative computation is used.
  - Enter the amount of net capital in excess of the greater of  $6\frac{2}{3}\%$  of aggregate indebtedness or the minimum dollar net capital requirement. If not applicable, complete 25(d).
  - Enter the amount of net capital in excess of the greater of 2% of aggregate debit items in the Reserve Formula or the minimum dollar net capital requirement if the alternative computation is used.
  - Report the percent of the total options deductions under subparagraph (a)(6), (a)(7) and (c)(2)(x) of Rule 15c3-1 to net capital as of the reporting date (1,000% test).
- 26. Total Credits** — Rule 15c3-3 Reserve Formula — The credit balance to be reported on this line should be identical with the Rule 15c3-3 Formula “Exhibit A” computation prepared the business day following the month end to determine the amount to be deposited as specified under subsection (e)(1) by 10:00 a.m. the next (second) business day.
- 27. Total Debits** — Rule 15c3-3 Reserve Formula — The debit balance to be reported on this line should be identical with the Rule 15c3-3 Formula “Exhibit A” computation prepared the business day following the month end to determine the amount to be deposited as specified under subsection (e)(1) by 10:00 a.m. the next (second) business day. The total debits should be net of the 3% adjustment specified under Rule 15c3-1(f) or 1% specified in Note e(3) of Exhibit A.
- 28. Amount in Reserve Bank Account** — Include on this line item the actual amount on deposit (or deposited) by 10:00 a.m. of the second business day following the end of the month. Include the total of both cash and qualified securities as defined under Rule 15c3-3, subparagraph (a)(6), which may be deposited in lieu of cash.
- 29. Commodity Exchange Act** — Segregation Requirements
- Amount Required to be Segregated — This amount represents the requirements under the Commodity Exchange Act — this item corresponds to line number 5 of the Schedule of Segregation Requirements and Funds in Segregation: Customers’ Regulated Commodity Futures Accounts in Part II.
  - Amount Segregated — This is the amount actually segregated as shown in Part II, line 11 in the schedule cited under 29(a).
- 30. Firm Proprietary Positions**
- Long — All Securities — Report at market value all long positions carried in the proprietary accounts of the firm as of the current month end reporting period, i.e., trading and investment accounts, and other proprietary accounts. Do not include secured demand note collateral. Include qualified securities held in banks pursuant to Rule 15c3-3(e)(1).
  - Short — All Securities — Report at market value all short positions carried in the proprietary accounts of the firm as of the current month end reporting period. If market value is unavailable, the contract value is to be used.
  - Long — Contractual Commitments — GNMA’s, etc. — Include only U.S. Government Guaranteed Mortgage Backed Securities, such as GNMA securities. Report the total long positions in U.S. Government Guaranteed Mortgage Backed Securities Commitments relating to forward and standby contracts in firm accounts. The face amount of the securities under contract may be reported in lieu of market value or contract value. Please designate which value is reported.
  - Short — Contractual Commitments — GNMA’s, etc. — Include only U.S. Government Guaranteed Mortgage Backed Securities such as GNMA securities. Report the total short positions in U.S. Government Guaranteed Mortgage Backed Securities Commitments relating to forward and standby contracts in firm accounts. The face amount of the securities under contract may be reported in lieu of market value or contract value. Please designate which value is reported.

**NOTE: 30(c) and (d)**

Include forward contracts purchased or sold for delivery after five business days from the date of the transaction. Include delayed delivery contracts such as TBAs (to be announced). Do not net forward contracts to purchase with forward contracts to sell and do not net long and short standby contracts.

Standbys for the purpose of this item are put options, i.e., the purchaser of the standby has the right to sell a security at a specified price within or at a specified time. A dealer who is obligated to buy a security under a standby contract, for which he has received a fee, should report the standby as a long position. A dealer who has paid a fee for the right to sell securities under a standby contract should report the standby as a short position.

**31. Customer and Non-Customer Charges** — GNMA's, etc. — Include only charges on forward contracts, TBAs (to be announced) and standby contracts in U.S. Government Guaranteed Mortgage Backed Securities.

**32. Security Concentration/Commodity Concentration**

- a. **Security Concentration — Firm** — Report the aggregate value of all securities positions which are subject to undue concentration haircuts as specified in subparagraphs (c)(2)(vi)(M) or (f)(3)(iii) of Rule 15c3-1.
- b. **Security Concentration — Customer** — Report the aggregate market value of specific securities, other than exempted securities, which exceeds 10% of the value of all securities which collateralize all margin receivables pursuant to Note E to Exhibit A of Rule 15c3-3. The percentage standard of Note E has not been changed.
- c. **Commodity Concentration — Firm** — Report concentrations in commodity futures carried in trading and investment accounts calculated as follows:
  1. Determine the greater of the total number of long or short commodity futures in each commodity. Positions representing purchases and sales of a like amount of the same commodity or hedges of spot (cash) commodities where the spot commodity is in the possession or under the control of the broker-dealer may be eliminated.
  2. Determine the greatest original margin requirement for each commodity stipulated by a registered U.S. Commodity Exchange for speculative accounts. If the commodity exchange has no original margin requirement, use the clearing house margin requirement.
  3. Determine the total amount of margin that would be required as per (2) above on the greater of the total number of long or short positions in each commodity as per (1) above.
  4. For each commodity calculated as per (3) above, determine whether (3) exceeds 10% of excess net capital. For purposes of this item, excess net capital at the end of the prior month may be used.
  5. Aggregate and report in one total on line 32(c) those amounts calculated in (3) above for each commodity which exceeds 10% of excess net capital. For purposes of this item, excess net capital at the end of the prior month may be used.
- d. **Commodity Concentrations — Customers and Others** — Report concentrations in commodity futures carried for all customers, non-customers, omnibus and general partners' accounts calculated as follows:
  1. Determine the greater of the total number of long or short commodity futures in each commodity. Positions in each account representing purchases and sales of a like amount of the same commodity or hedges of spot (cash) commodities where the spot commodity is in the possession or under the control of the broker-dealer may be eliminated.
  2. Determine the greatest original margin requirement for each commodity stipulated by a registered U.S. Commodity Exchange for speculative accounts. If the commodity exchange has no original margin requirement, use the clearing house margin requirement.
  3. Determine the total amount of margin that would be required as per (2) above on the greater of the total number of long or short positions in each commodity as per (1) above.
  4. For each commodity calculated as per (3) above, determine whether it exceeds 50% of excess net capital. For purposes of this item, excess net capital as of the end of the prior month may be used.
  5. Aggregate and report in one total on line 32(d) the amount calculated in (3) above for each commodity which exceeds 50% of excess net capital. For purposes of this item, excess net capital as of the end of the prior month may be used.

**33. Total Tickets** — Enter the total number of buy and sell tickets executed as agent and/or principal. For agency transactions, count both the street and the customer side as one transaction. Multiple executions at the same price which result in one confirmation should be counted as one transaction. In the case of principal transactions, dealer-to-dealer and retail transactions are counted separately. Firms carrying public customer accounts for other broker-dealers on a fully-disclosed basis are to include transactions emanating from those accounts in their total ticket count. Firms which introduce accounts on a fully-disclosed basis should include transactions so introduced in their ticket count. Exclude from total ticket counts transactions executed on behalf of monthly investment plans and those filed on a subscription basis wherein payment is made directly to an underwriter, sponsor or other distributor who in turn delivers the security purchased directly to the subscriber. This item corresponds to the same item number on Part II.

**34. Aged Fails** — Enter the ledger balances of (a) fails-to-deliver and (b) fails-to-receive aged eleven (11) business days or more (21 business days or more for municipal securities) following settlement date.

**35. Total Fails**

- a. Report the total contract value of all fails to deliver. If records are maintained on a trade date basis, enter here the total amount of all broker-dealer receivables. This item corresponds to the same number on Part II.
- b. Report the total contract value of all fails to receive. If records are maintained on a trade date basis, enter here the total amount of all broker-dealer payables. This item is equal to the sum of items 1490 and 1500 on Part II.

**36. Equity Markets**

- a. Enter the total number of equity securities in which a market is made on NASDAQ based on the average number of such markets made during the 30 days immediately preceding the report date pursuant to Rule 15c3-1(a)(4).
- b. Enter the total number of other equity securities in which a market is made based on the average number of such markets made during the 30 days immediately preceding the report date pursuant to Rule 15c3-1(a)(4).

|   |              |               |
|---|--------------|---------------|
| Name of Broker/Dealer                                   |              | Schedule<br>B |
| Name and Telephone No. of Person Completing This Report |              |               |
| ID No.  | SEC File No. |               |

| OPERATIONAL DEDUCTIONS FROM NET CAPITAL (NOTE A)  | JANUARY  |                      |                      |                                     | FEBRUARY   |                      |                      |                                     |
|---|--|----------------------|----------------------|-------------------------------------|--|----------------------|----------------------|-------------------------------------|
|   | I  | II                   | III                  | IV**                                | I  | II                   | III                  | IV**                                |
|   | NO. OF ITEMS   | DEBITS (SHORT VALUE) | CREDITS (LONG VALUE) | DEDUCTIONS IN COMPUTING NET CAPITAL | NO. OF ITEMS   | DEBITS (SHORT VALUE) | CREDITS (LONG VALUE) | DEDUCTIONS IN COMPUTING NET CAPITAL |
| 1. Money suspense and balancing differences   |  |                      |                      |                                     |  |                      |                      |                                     |
| 2. Security suspense and differences with related money balances  |  |                      |                      |                                     |  |                      |                      |                                     |
| L<br>S  |  |                      |                      |                                     |  |                      |                      |                                     |
| 3. Market value of short and long security suspense and differences without related money (other than reported in item 4 below) |  |                      |                      |                                     |  |                      |                      |                                     |
| 4. Market value of security record breaks   |  |                      |                      |                                     |  |                      |                      |                                     |
| 5. Unresolved reconciling differences with others   |  |                      |                      |                                     |  |                      |                      |                                     |
| A. Correspondents and broker/dealers  |  |                      |                      |                                     |  |                      |                      |                                     |
| L<br>S  |  |                      |                      |                                     |  |                      |                      |                                     |
| B. Depositories   |  |                      |                      |                                     |  |                      |                      |                                     |
| C. Clearing organizations   |  |                      |                      |                                     |  |                      |                      |                                     |
| L<br>S  |  |                      |                      |                                     |  |                      |                      |                                     |
| D. Intercompany accounts  |  |                      |                      |                                     |  |                      |                      |                                     |
| E. Bank accounts and loans  |  |                      |                      |                                     |  |                      |                      |                                     |
| F. Other  |  |                      |                      |                                     |  |                      |                      |                                     |
| G. (Offsetting) Items A-F   |  |                      |                      |                                     |  |                      |                      |                                     |
| <b>TOTAL</b> Line 5   |  |                      |                      |                                     |  |                      |                      |                                     |
| 6. Commodity differences  |  |                      |                      |                                     |  |                      |                      |                                     |
| 7. Open transfers and reorganization account items over 40 days not confirmed or verified                                       |  |                      |                      |                                     |  |                      |                      |                                     |
| 8. TOTAL (Lines 1 – 7)  |  |                      |                      |                                     |  |                      |                      |                                     |
| 9. Lines 1-6 resolved subsequent to report date   |  |                      |                      |                                     |  |                      |                      |                                     |
| 10. Has respondent completed this form in accordance with instructions of the designated examining authority?                   | Yes <input type="checkbox"/> No <input type="checkbox"/> |                      |                      |                                     | Yes <input type="checkbox"/> No <input type="checkbox"/> |                      |                      |                                     |

\*\* All line items (1 - 8) columns I, II, III and IV if required must be answered. If respondent has nothing to report, enter -0-.

Note A: Include aged items which resulted in a deduction in the computation of net capital (column IV) at the report date as appropriate (Lines 1-7) whether resolved subsequently or not (see instructions). Complete columns I, II and III only if required by the "designated examining authority."

**OPERATIONAL EXPOSURE ITEMS (Note B)**

Note B: The respondent's "designated examining authority" may require on a separate schedule headed "Potential Operational Deductions from Net Capital" that the same information be submitted, as formatted above, for line items 1-6 stating open items, at the report date, that were not deducted in the computation of net capital; and which were not resolved in seven (7) business days subsequent to the report date.



|   |              |                       |
|---|--------------|-----------------------|
| Name of Broker/Dealer                                   |              | <b>Schedule<br/>B</b> |
| Name and Telephone No. of Person Completing This Report |              |                       |
| ID No.  | SEC File No. |                       |

| OPERATIONAL DEDUCTIONS FROM NET CAPITAL (NOTE A)  | JUNE   |                      |                      |                                     | JULY   |                      |                      |                                     |
|---|--|----------------------|----------------------|-------------------------------------|--|----------------------|----------------------|-------------------------------------|
|   | I  | II                   | III                  | IV**                                | I  | II                   | III                  | IV**                                |
|   | NO. OF ITEMS   | DEBITS (SHORT VALUE) | CREDITS (LONG VALUE) | DEDUCTIONS IN COMPUTING NET CAPITAL | NO. OF ITEMS   | DEBITS (SHORT VALUE) | CREDITS (LONG VALUE) | DEDUCTIONS IN COMPUTING NET CAPITAL |
| 1. Money suspense and balancing differences   |  |                      |                      |                                     |  |                      |                      |                                     |
| 2. Security suspense and differences with related money balances  |  |                      |                      |                                     |  |                      |                      |                                     |
| L<br>S  |  |                      |                      |                                     |  |                      |                      |                                     |
| 3. Market value of short and long security suspense and differences without related money (other than reported in item 4 below) |  |                      |                      |                                     |  |                      |                      |                                     |
| 4. Market value of security record breaks   |  |                      |                      |                                     |  |                      |                      |                                     |
| 5. Unresolved reconciling differences with others   |  |                      |                      |                                     |  |                      |                      |                                     |
| A. Correspondents and broker/dealers  |  |                      |                      |                                     |  |                      |                      |                                     |
| L<br>S  |  |                      |                      |                                     |  |                      |                      |                                     |
| B. Depositories   |  |                      |                      |                                     |  |                      |                      |                                     |
| C. Clearing organizations   |  |                      |                      |                                     |  |                      |                      |                                     |
| L<br>S  |  |                      |                      |                                     |  |                      |                      |                                     |
| D. Intercompany accounts  |  |                      |                      |                                     |  |                      |                      |                                     |
| E. Bank accounts and loans  |  |                      |                      |                                     |  |                      |                      |                                     |
| F. Other  |  |                      |                      |                                     |  |                      |                      |                                     |
| G. (Offsetting) Items A-F   |  |                      |                      |                                     |  |                      |                      |                                     |
| <b>TOTAL</b> Line 5   |  |                      |                      |                                     |  |                      |                      |                                     |
| 6. Commodity differences  |  |                      |                      |                                     |  |                      |                      |                                     |
| 7. Open transfers and reorganization account items over 40 days not confirmed or verified                                       |  |                      |                      |                                     |  |                      |                      |                                     |
| 8. TOTAL (Lines 1 – 7)  |  |                      |                      |                                     |  |                      |                      |                                     |
| 9. Lines 1-6 resolved subsequent to report date   |  |                      |                      |                                     |  |                      |                      |                                     |
| 10. Has respondent completed this form in accordance with instructions of the designated examining authority?                   | Yes <input type="checkbox"/> No <input type="checkbox"/> |                      |                      |                                     | Yes <input type="checkbox"/> No <input type="checkbox"/> |                      |                      |                                     |

\*\* All line items (1 - 8) columns I, II, III and IV if required must be answered. If respondent has nothing to report, enter -0-.

Note A: Include aged items which resulted in a deduction in the computation of net capital (column IV) at the report date as appropriate (Lines 1-7) whether resolved subsequently or not (see instructions). Complete columns I, II and III only if required by the "designated examining authority."

**OPERATIONAL EXPOSURE ITEMS (Note B)**

Note B: The respondent's "designated examining authority" may require on a separate schedule headed "Potential Operational Deductions from Net Capital" that the same information be submitted, as formatted above, for line items 1-6 stating open items, at the report date, that were not deducted in the computation of net capital; and which were not resolved in seven (7) business days subsequent to the report date.



|   |              |                       |
|---|--------------|-----------------------|
| Name of Broker/Dealer                                   |              | <b>Schedule<br/>B</b> |
| Name and Telephone No. of Person Completing This Report |              |                       |
| ID No.  | SEC File No. |                       |

| OPERATIONAL DEDUCTIONS FROM NET CAPITAL (NOTE A)  | NOVEMBER   |                      |                      |                                     | DECEMBER   |                      |                      |                                     |
|---|--|----------------------|----------------------|-------------------------------------|--|----------------------|----------------------|-------------------------------------|
|   | I  | II                   | III                  | IV**                                | I  | II                   | III                  | IV**                                |
|   | NO. OF ITEMS   | DEBITS (SHORT VALUE) | CREDITS (LONG VALUE) | DEDUCTIONS IN COMPUTING NET CAPITAL | NO. OF ITEMS   | DEBITS (SHORT VALUE) | CREDITS (LONG VALUE) | DEDUCTIONS IN COMPUTING NET CAPITAL |
| 1. Money suspense and balancing differences   |  |                      |                      |                                     |  |                      |                      |                                     |
| 2. Security suspense and differences with related money balances  |  |                      |                      |                                     |  |                      |                      |                                     |
| L<br>S  |  |                      |                      |                                     |  |                      |                      |                                     |
| 3. Market value of short and long security suspense and differences without related money (other than reported in item 4 below) |  |                      |                      |                                     |  |                      |                      |                                     |
| 4. Market value of security record breaks   |  |                      |                      |                                     |  |                      |                      |                                     |
| 5. Unresolved reconciling differences with others   |  |                      |                      |                                     |  |                      |                      |                                     |
| A. Correspondents and broker/dealers  |  |                      |                      |                                     |  |                      |                      |                                     |
| L<br>S  |  |                      |                      |                                     |  |                      |                      |                                     |
| B. Depositories   |  |                      |                      |                                     |  |                      |                      |                                     |
| C. Clearing organizations   |  |                      |                      |                                     |  |                      |                      |                                     |
| L<br>S  |  |                      |                      |                                     |  |                      |                      |                                     |
| D. Intercompany accounts  |  |                      |                      |                                     |  |                      |                      |                                     |
| E. Bank accounts and loans  |  |                      |                      |                                     |  |                      |                      |                                     |
| F. Other  |  |                      |                      |                                     |  |                      |                      |                                     |
| G. (Offsetting) Items A-F   |  |                      |                      |                                     |  |                      |                      |                                     |
| <b>TOTAL</b> Line 5   |  |                      |                      |                                     |  |                      |                      |                                     |
| 6. Commodity differences  |  |                      |                      |                                     |  |                      |                      |                                     |
| 7. Open transfers and reorganization account items over 40 days not confirmed or verified                                       |  |                      |                      |                                     |  |                      |                      |                                     |
| 8. TOTAL (Lines 1 – 7)  |  |                      |                      |                                     |  |                      |                      |                                     |
| 9. Lines 1-6 resolved subsequent to report date   |  |                      |                      |                                     |  |                      |                      |                                     |
| 10. Has respondent completed this form in accordance with instructions of the designated examining authority?                   | Yes <input type="checkbox"/> No <input type="checkbox"/> |                      |                      |                                     | Yes <input type="checkbox"/> No <input type="checkbox"/> |                      |                      |                                     |

\*\* All line items (1 - 8) columns I, II, III and IV if required must be answered. If respondent has nothing to report, enter -0-.

Note A: Include aged items which resulted in a deduction in the computation of net capital (column IV) at the report date as appropriate (Lines 1-7) whether resolved subsequently or not (see instructions). Complete columns I, II and III only if required by the "designated examining authority."

**OPERATIONAL EXPOSURE ITEMS (Note B)**

Note B: The respondent's "designated examining authority" may require on a separate schedule headed "Potential Operational Deductions from Net Capital" that the same information be submitted, as formatted above, for line items 1-6 stating open items, at the report date, that were not deducted in the computation of net capital; and which were not resolved in seven (7) business days subsequent to the report date.

**37. Clearing Agency Balances**

- a. Report the total dollar amount due from clearing agencies on current short positions at current prices as per the clearing agency.
- b. Report the total dollar amount due to clearing agencies on current long positions at current prices as per the clearing agency.

**38. Unrestricted Cash** — Report all cash on hand and cash in banks subject to immediate withdrawal net of overdrafts. This would exclude cash segregated in accordance with federal or state securities or commodities law.

**39. Customers' Accounts**

- a. Report the total amount of secured debits in customer accounts as of the month end reporting date. This item corresponds to the same item number on Part II.
- b. Enter the total amount of all customers' free and other credit balances as defined in Rule 15c3-3, subparagraphs (a)(8) and (a)(9).

**40. Securities Borrowed** — Enter the total market value of all securities borrowed from customers and non-customers including other broker-dealers and financial and non-financial institutions.

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## INSTRUCTIONS

### Schedule B — Supplemental Report Operational Capital Charge Items

**General** — For reporting purposes the debit (short value) column II and credit (long value) column III should be rounded to the nearest one thousand dollars (\$000 omitted). Omit pennies in column IV.

Complete columns I, II, and III of the Schedule only if required by your designated examining authority.

Include on lines 1-7 all items that are, or result in, capital charges or additions to aggregate indebtedness at the report date even if resolved subsequently. Items resolved subsequent to the report date may be shown on line 9 at the option of the respondent unless specifically required by the Examining Authority or as noted herein.

All commodity money suspense differences and uncomparated and unconfirmed items should be reported on line 6 only.

If the designated examining authority requires completion of columns I, II and III, all aged operational items (lines 1-7) are reportable whether they result in a capital charge or not.

If more than one item is reportable for each line the aggregate number of items should be reported in Column I. The related aggregate amount (values) are reportable in Columns II, III and IV if required. A related money and security value should be considered as one item.

Suspense and reconciliation difference items may not be updated by transfer, journal entry or otherwise, to another account with a different nomenclature. Each item must retain its original discovery date unless clearly identified with another item.

**Suspense Differences (relative to lines 1, 2, 3 and 4)** — The net capital treatment of suspense differences is as follows:

The net capital treatment of security positions and money balances whose ultimate disposition is not known, e.g., DKs and suspense items which remain unresolved (7) business days after discovery, is as follows:

- 1) Long position and related debit balance, and short position and related credit balance — treat as proprietary commitments that cannot operate to increase net capital (see line 2 instructions);
- 2) Long position only — no deduction except as noted herein (see line 3 instructions);
- 3) Short position and breaks only — deduct current market value (Rule 15c3-1 (c)(2)(v)) (see treatment of security count difference below and lines 3 and 4 instructions);
- 4) Credit balance only — include in aggregate indebtedness; and
- 5) Debit balance only — deductions (see line 1 instructions).

The resolution of suspense or difference items after the report date shall not result in a reduction of the required charge as of the report date. For example, a short security difference which is open at the report date and has been unresolved for seven (7) business days after discovery is required to be deducted even though the difference is resolved prior to the date the FOCUS Report is filed.

**Security Count Differences (relative to lines 2, 3, 4 and 5)** — Rule 17a-13 (Quarterly Security Count Requirements) requires unresolved differences to be recorded in a difference account no later than seven business days following the security count and verification. Paragraph (b)(3) of the Rule requires verification of all securities in transfer, in transit, pledged, loaned, borrowed, deposited, failed to receive and deliver or otherwise subject to the broker/dealer's control or direction but not in his physical possession where such securities have been in said status for longer than 30 days. With respect to these items requiring verification, the seven day period begins after verification takes place; that is, when a confirmation is returned indicating a discrepancy with the books and records of the broker/dealer, or where such confirmations have not been returned within a reasonable period of time (15 days) to establish the validity of the position. In instances where confirmations have been outstanding for 15 business days without return, the broker/dealer should record as a difference such securities on the 22nd business day.

## Specific Line Item Instructions

### Line 1. Money suspense and balancing differences (money only)

These differences shall include any amount required to balance the general ledger and unresolved differences between general ledger control accounts and subsidiary records or balancing of blotters, etc.

A “debit” difference is one that, if recorded in the general ledger, would result in a debit balance. This may result because of an amount needed to balance excess ledger credits over ledger debits or as a result of adjusting general ledger control accounts to subsidiary records. Report debit differences in columns II and IV.

A “credit” difference is one that, if recorded in the general ledger, would result in a credit balance. This may result because of an amount needed to balance excess ledger debits over ledger credits or as a result of adjusting general ledger control accounts to subsidiary records. Report credit differences in column III only.

Money suspense and balancing differences shall also include all accounts, in whole or part, containing ledger debits or credits, representing unidentified or unknown items with no related security position or an account which may contain security positions that cannot be properly related to the money ledger balances.

Money differences could include, but are not limited to the following:

- a. Unallocated receipts or disbursements.
- b. Cash Dividend Balancing Accounts (out-of-balance proofs).
- c. Money Balancing Accounts (EDP), Cage, P&S, Accounting and others.
- d. Unresolved Money Differences resulting from the comparison of detail records to control accounts for customer accounts, fail to receive, fail to deliver, stock borrowed, stock loaned, bank loans, inter-office accounts and adjustments of General Ledger control accounts to agree to subsidiary records.
- e. Any accounts utilized to balance “daily work” which contain debits or credits requiring resolution. If any such accounts exist, the ledger balance resulting from one day’s “out of balance” work, shall not be netted against another day’s “out of balance” work, unless related to each other.

For reporting purposes, debit and credit money differences shall not be netted.

Line 2. **Securities differences with related money balances** — Report in Columns I, II and III all transactions in any accounts containing a long or short security position with a related ledger balance pending determination of ownership, collectibility, or deliverability, which are in doubt.

Long positions and related debits, and short positions and related credits are treated as proprietary commitments in computing net capital if they remain unresolved seven (7) business days after discovery. This requires mark to market adjustments and haircut charges computed under subparagraph (c)(2)(vi), (f)(3) or Appendix A. The aggregate total of deductions is reportable in Column IV and shall not operate to increase net capital.

Line 3. **Market value of short and long suspense and differences without related money** — shall include all transactions in any accounts containing long and short security positions, for which no related ledger balance exists regardless of the nomenclature of the account.

Long differences are generally ignored in the capital computation process unless the securities have been sold by the broker/dealer before the differences are adequately resolved. In such instances, include the excess of the market value (Column III) of the long securities sold over any reserve established as deductions in Column IV.

The market value of short security differences is deducted in the computation of net capital if the differences remain unresolved seven days after discovery (see Rule 15c3-1(c)(2)(v)), and should be reported in Columns II and IV.

Unrelated differences in the same security or other securities shall not be netted.

Line 4. **Market value of security record breaks** — Security record breaks are defined as out-of-balance error conditions in the daily recording of security position changes or movements where the total longs do not equal the total shorts on a given security.

“Long” differences are the amounts needed to balance an excess of short positions over long positions. When recorded in a difference account, such would be recorded long on the stock record.

“Short” differences are the amounts needed to balance an excess of long positions over short positions. When recorded in a difference account, such would be recorded short on the stock record.

Security record breaks resulting from one day’s “out of balance” shall not be netted against another day’s “out of balance” work unless research specifically discloses that it is the proper resolution of particular differences.

The day of discovery for security record breaks should be the day following after any movement in a security and may not be updated by transferring the break to a suspense or difference account unless related to some other clearly identifiable item of suspense or difference item.

The market value of long security record breaks unresolved seven business days after discovery should be reported in Column III.

The market value of short security record breaks are deductions in the computation of net capital if they remain unresolved seven days after discovery (see Rule 15c-3-1(c)(2)(v)), and should be reported in columns II and IV.

Unrelated security breaks in the same or other securities shall not be netted.

Line 5. **Unresolved reconciling differences with others** — the respondent shall report in column IV the total net overall unfavorable aged reconciling differences disclosed by reconciliations (lines 5A-F) when required to be deducted in computing net capital. Each broker-dealer having any such differences shall maintain a record of the date of receipt of the pertinent statement of account or, in the absence of such record, shall compute the elapsed days (aging) from the date of the statement. The treatment of differences disclosed by reconciliations required under Rule 17a-13 shall be governed by the requirements of that Rule.

Differences which have been resolved but which have not yet been appropriately corrected in the records shall be so identified on the reconciliations and may be considered resolved for purposes of computing net capital. Unresolved favorable and unfavorable differences with the same carrying entity may be netted for purposes of determining the deductions in computing net capital.

Debit amounts and short values (Column II) or credit amounts and long values (Column III) applicable to all unresolved reconciling items should be reported broad and not netted. Offsetting favorable and unfavorable differences by the same carrying entity should be reported on line 5 G as a (deduction) in Columns II and III.

Line 6. **Commodity suspense differences unresolved** — Report on this line all unresolved commodity differences or suspense items as a result of internal balancing of records, and comparison of broker-dealer's books of accounts with the records of clearing organizations and others. Such items would include:

1. Customer, non-customer, omnibus and proprietary accounts.
2. Ledger balances and realized and unrealized gains and losses relating to long and short positions in spot (cash) commodities, forward contracts in commodities and futures contracts.

Report in Column II aggregate total debits, unrealized losses or short values and in Column III credits, unrealized gains or long values relating to deductions from net capital. The aggregate deduction from net capital is reportable in Column IV; that is, losses which would be incurred to correct unresolved recordkeeping differences, including differences with other entities as of the report date which have not been resolved, within time frames required, for firm, customer, non-customer, omnibus, clearing, and contract differences accounts.

In determining data to be included in the report, the following schedule may be used. It should be noted that this schedule may not be all-inclusive. Other suspense items not included in this schedule should also be reported on line 6.

a. Clearing Accounts with Commodity Clearing Organizations

1. Number and amount of unresolved reconciling money items

|            |      |    |
|------------|------|----|
| a. Debits  | No.: | \$ |
| b. Credits | No.: | \$ |

2. Gain or loss in unresolved future contract differences after comparison and balancing with proprietary and customers' positions and other positions

|         |    |
|---------|----|
| a. Gain | \$ |
| b. Loss | \$ |

b. Clearing Accounts with Commodity Brokers and Dealers

1. Number and amount of unresolved reconciling money items

|            |      |    |
|------------|------|----|
| a. Debits  | No.: | \$ |
| b. Credits | No.: | \$ |

2. Gain or loss in unresolved futures contract differences after comparison and balancing with proprietary and customers' positions

|         |    |
|---------|----|
| a. Gain | \$ |
| b. Loss | \$ |

c. Other Gains and Losses in Forward or Futures Contracts:  
Unresolved Differences

|            |    |
|------------|----|
| a. Debits  | \$ |
| b. Credits | \$ |

d. Warehouse Receipts on hand:

1. Number of unresolved differences

|   |    |
|---|----|
| 2. Market value of unresolved differences<br>Long (Short) | \$ |
|---|----|

Line 7. **Open transfers and reorganization items over 40 days not confirmed or verified** — The term "reorganization account" shall include, but not be limited to, transactions in the following:

- (a) "rights" subscriptions
- (b) warrants exercised
- (c) stock splits
- (d) redemptions
- (e) conversions
- (f) exchangeable securities
- (g) spin-offs

See general comment relative to the verification of transfers and reorganization items in connection with Rule 17a-13 quarterly counts and time frames for considering charges to capital.

Line 8. Total of line 1 through 7; the total in column IV should be entered here and on line 12 of Part I, page 1.

Line 9. This line item may be used, at the option of the respondent or as required by the designated examining authority, to report items (lines 1- 6) subsequently resolved up to the filing date of the FOCUS Report.